

Target Center Renovation

Committee of the Whole Minneapolis City Council October, 31, 2013

Target Center Renovation: Why

- Significant economic impact to the City
- Solves a longstanding problem of a city building in need of repair
- Sustainable, practical alternative to building a new arena
- Extends our partnership with Timberwolves,
 Lynx and AEG



Target Center Renovation: Overview

- Total Renovation Project Cost: \$97M
 - Additional \$2M if Team vacates office space
- Extended lease agreements for Team and AEG
 - Extended from 2025 to 2032
- Ongoing Capital Investment: \$50M



Project Budget Category	Projected Budget
 Building Operations and Back of House Level 1 marshaling and stage relocation Energy conservation measures 	\$6,404,500
 Fan/Public Spaces Box office/lobby, stairwell, and Level 2-5 concourses New skyway connection SW to parking Renovate and add bathrooms Food courts and concessions Bowl Seating 	\$27,209,400
 Premium Spaces and Suites New club spaces on Levels 1 and 2 Club space improvements on Levels 4 and 5 Renovate suites 	\$13,929,600
Basketball Team Locker rooms and facilities	\$933,000
Outside Building Shell Outdoor media mesh and signage	\$13,500,000
TechnologySound, acoustics, VOIP, cableScoreboard, ribbon board, control room	\$16,600,000
Contingency, fees, consultants, etc.	\$18,206,000
TOTAL	\$96,782,500

Target Center Renovation: Financing

- 50/50 Public/Private Investment
 - City = \$48.5M (50%)
 - Team = \$43M (44.3%)
 - -AEG = \$5.5M (5.7%)
- City will finance renovation with GO Bonds



Target Center Renovation: Team

- Team will make annual payments to City through 2032 totaling 44.3% of project costs
- Team will pay \$1.35M yearly rent, escalating 2% starting in 2017 (replacing property taxes)
- Team contribution secured by 1-year, refillable, escrow or Letter-of-Credit
- If Team is sold in first 4 years following renovation, they will reimburse City a share of our renovation investment starting at 20% and declining 5% annually



Target Center Renovation: AEG

- AEG will make annual payments through shared revenue with City totaling 5.7% of project costs
- New termination option exceeds existing agreement
- City to accelerate \$1.75M capital amortization repayment to AEG in 2014/2015, rather than over years thru 2025
- City to restructure annual Maximum Operator
 Reimbursement from declining 2% annual rate to
 \$1.5M fixed annually
- Existing bottom-line "profit sharing" formula with AEG remains

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Sensible Minnesota Solution

Target Center Renovation: Management

New Arena Design Group will guide design and construction of the renovation

- Six members, three appointed by City
- Recommend to the City Council/Mayor selection for architect and construction manager
- Recommend to the City Council/Mayor the renovation Minimum Design Standards and Arena Construction Plans
- Recommend to the City Council/Mayor ongoing capital investments



Target Center Renovation: Next Steps

- Finalize the City's agreements with Team and AEG based on these terms
- Approve special legislation to allow Construction Manager At-Risk and remove property taxes
- Hire Owners Representative and initiate process to select Architect and Construction Manager
- Reconvene Implementation Committee
- 3-6 months of design
- Construction to begin in 2014





Questions